cintra

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December 20, 2017

Jeffrey T. Folden, P.E., DBIA
Chief, Innovative Contracting
MDOT State Highway Administration
707 North Calvert Street
Baltimore, MD 21202
Email: I495_I270_P3@sha.state.md.us

RE: I-495 & I-270 Congestion Relief Improvements RFI Response

Dear Mr. Folden,

On behalf of Cintra Global Ltd. ("Cintra") and Ferrovial Agroman US Corp. ("Ferrovial Agroman"), we are pleased to deliver our response to the Request for Information ("RFI") issued by the Maryland Department of Transportation ("MDOT") on September 21, 2017 for Congestion Relief Improvements to I-495 and I-270 (the "Program"). We hope that our attached response will assist MDOT in further development of the procurement process.

Our team members, Cintra and Ferrovial are part of the same parent company Ferrovial S.A. which is one of the world's leading companies dedicated to infrastructure investment, construction and operations/maintenance. Cintra is widely acknowledged to be one of the most successful developers of transportation infrastructure in North America having closed over $20 billion worth of public private partnership projects since 2005. Cintra currently manages 28 concessions representing over $25 billion of direct private investment worldwide. Ferrovial Agroman is one of the world's largest construction firms specializing in complex civil and transportation projects with 80 years of experience.

We are very interested in this Program and believe that a DBFOM revenue risk model would provide MDOT the best value for money and the right incentives to bring forward maximum innovation and congestion relief.

We hope to have an opportunity for a further discussion of the Program and our RFI response during MDOT's upcoming one-on-one meetings.

Yours truly,

Antony Elkins
Commercial Director

MARYLAND DEPARTMENT OF TRANSPORTATION
I-495 & I-270 CONGESTION RELIEF IMPROVEMENTS

RESPONSE TO REQUEST FOR INFORMATION

DECEMBER 20, 2017

RESPONDENTS

CINTRA GLOBAL LTD.
FERROVIAL AGROMAN US CORP.

Point of Contact

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a. General

1. Please describe your firm, its experience in relation to P3 projects, and its potential interest in relation to these potential congestion relief improvements.

Cintra and Ferrovial Agroman have extensive experience in developing complex infrastructure projects in North America, similar in complexity and magnitude as the I-495 and I-270 Congestion Relief Improvement Program (the "Program" or "Projects").

Our proposed team consists of Cintra Global Ltd. ("Cintra") and Ferrovial Agroman US Corp. ("Ferrovial Agroman"). A brief description of each company follows.

Cintra and Ferrovial Agroman are sister companies under the same parent company, Ferrovial, S.A. ("Ferrovial"), and together bring a multi-disciplinary team and provide full end-to-end integration of all project stages. Ferrovial is one of the world's leading companies dedicated to infrastructure investment, construction and operations/maintenance. Ferrovial was founded in 1952 and has a worldwide workforce of approximately 90,000 employees and with operations in more than 25 countries. The Ferrovial Group's activities focus on four business lines: toll roads, construction, services and airports.

Cintra - Transportation Infrastructure Developer
Cintra is the leading private-sector transportation infrastructure company in the world, with experience spanning nearly 50 years of innovative highway development on four continents. Cintra specializes in developing, managing, operating and maintaining complex P3 transportation projects. We are the world's largest developer and operator of complex, dynamically priced managed lane projects. The group's first Design, Build, Finance, Operate and Maintain ("DBFOM") project was awarded in 1968, and was handed-back to the grantor after successfully completing the 35-year concession term. Cintra-Ferrovial was recognized by *Public Works Financing Bulletin/Magazine* in 2017 as one the top infrastructure developers by invested capital internationally. Cintra currently manages 28 P3 concessions in 10 counties with a total managed investment of $25 billion. North America represents Cintra largest and most important market. Currently 61 percent of Cintra's worldwide managed P3 investments are located in North America.

Ferrovial Agroman - Design-Build Contractor
Ferrovial Agroman is one of the world's preeminent construction firms with more than 80 years of construction experience in design-bid-build, design-build, and public-private partnership projects in all types of infrastructure assets, specializing in large and complex transportation projects. Ferrovial Agroman has designed and constructed 2,300 miles of highway concessions; 9,400 miles of new roads; 16,700 miles of rehabilitated roads; 2,700 miles of railways and 270 miles of tunnels. Ferrovial Agroman has the most experience in the design-build industry constructing

complex managed lane projects in large congested areas similar to Maryland's I-270 and I-495 proposed projects.

Ferrovial Agroman has been active in the North American transportation industry since 1999, and currently has six major design-build contracts in the United States totaling more than $6 billion. Ferrovial Agroman was one of the first construction companies to achieve ISO 9001 certification. Ferrovial Agroman is OHSAS 18001:2007 Certified firm, ISO 14001 compliant and has a certified Health & Safety Risk Management Plan.

Cintra and Ferrovial Agroman experience in P3 Projects

The following is a description of Cintra and Ferrovial Agroman North American toll concession P3 projects:

Name of project	Transform 66 P3 Project ("I-66 Express")
Location of project	Northern Virginia, Virginia, U.S.
Owner	Virginia Department of Transportation
Current status	Initial construction
Contract model	DBFOM under a 50-year concession agreement with toll (express lanes) revenue
Traffic Volume	Average Daily Traffic (highest): 190,000
Contract period	Contract Date: December 2016 – December 2066 Scheduled End of Construction Date: December 2022
Role(s) on project	**Cintra** *(Project Lead, Lead Equity Member, Co-Financial Advisor, Lead O&M Member)* Today, Cintra owns 50 percent of the equity and is the largest shareholder. Cintra retains the executive control of the asset by reserving the right to appoint the CEO, CFO, Chief Infrastructure Officer, O&M Director and majority of seats on the Board of Directors. **Ferrovial Agroman** *(Lead DBJV)* is responsible for 70 percent of the design and construction work through a fixed-price, fixed-schedule, back-to-back contract.
Time period of involvement	Commencement Date: November 2017 Duration: January 2017– December 2022 (Construction) January 2023 – December 2066 (Operations & Maintenance)
Description of project	Capital Value: $3.6 billion Project Value: $2.5 billion Scope: I-66 Express is a greenfield P3 project for the design, construction, financing, operation and maintenance of 22.5 miles of managed lanes in Washington DC's Northern Virginia suburbs from I-495 in Fairfax County, Virginia west to Gainesville, Virginia. The I-66 Express is one of the largest and most complex DBFOM highway projects ever undertaken in the U.S.
Value Driven Solution & Challenges	Through a combination of improving connectivity to the managed lanes, tolling optimization and a higher-level of understanding of traffic and revenue, helped by the use of the latest available data technology, Cintra's bid resulted in a $579 million up-front payment to Virginia. Cintra's winning bid also released $600 million in state and regional funding that had been set aside to fund an anticipated public subsidy. The TIFIA loan, at $1.2 billion is the largest TIFA loan ever provided to a private infrastructure developer. TIFIA imposed additional procedural due diligence requirements than required on any previous TIFIA loans in a P3. Cintra worked with TIFIA and the Virginia Department of

Name of project	Transform 66 P3 Project (“I-66 Express”)
	Transportation to adjust the financial plan and the commercial plan to be able to meet the requirements and expectations of TIFIA, resulting in the preservation of the significant concession payment to Virginia.

Name of project	I-77 Express Lanes
Location of project	Charlotte, North Carolina, U.S.
Owner	North Carolina Department of Transportation (“NCDOT”)
Current status	Under construction
Contract model	DBFOM – revenue risk
Contract period	Total Term Length: 54 years from commercial close (June 26, 2014) Start / End Dates: June 2014 – June 2068
Role(s) on project	Cintra: Developer, Equity Member (50.1 percent) Ferrovial Agroman: Lead Contractor (70 percent)
Description of project	Construction Value = $537 million, Project value = $738 million This 26-mile roadway project will connect Charlotte Business District with the residential areas along Lake Norman, as well as serve north/south long distance trips to the Charlotte region. The new road runs between the junction with I-277 in Charlotte and NC-150 in Mooresville, North Carolina. The project includes managed lanes that operate on a dynamic toll system which facilitates demand management. The managed lanes have 22 entrances and exits from the main roads to provide users a choice depending on the characteristics of their route.
Key challenges	*TIFIA-Caused Funding Shortfall after Commercial Close* After commercial close, TIFIA, which was supposed to finance 33 percent of the eligible project costs, reduced their percentage to 29 percent, while at the same time inhibiting the developer from raising more senior debt. Consequently, a funding gap of about $26 million was created. Cintra, working closely with Ferrovial Agroman, reached an agreement with NCDOT to streamline some small portions of the construction scope in order to reduce costs. Additionally, NCDOT was able to reduce the toll collection transaction fees charged to the Developer, lowering operating costs for the Developer and subsequently enabling more equity to be invested at the same rate of return. The equity participants were able to invest a significant amount of additional equity in order to defray some of the costs to NCDOT, even though Cintra was under no contractual obligation to do so. *Public Controversy* This project has been controversial in the corridor. Cintra has been working closely with NCDOT to improve the project in terms mainly of additional connectivity in order to make the project more acceptable to the local

	residents.

Name of project	North Tarrant Express Managed Lanes ("NTE 35W")
Location of project	Tarrant County (Fort Worth area), Texas, U.S.
Owner	Texas Department of Transportation ("TxDOT")
Current status	Project will be opened in 2018 on budget and schedule.
Contract model	DBFOM under a 52-year concession agreement with toll revenue
D&C period	Total Term Length: 60 months (Design and Construction) Start / End Dates: September 2013 - September 2018 (Design and Construction)
Role(s) on project	**Cintra** *(Project Lead, Lead Equity Member, Co-Financial Advisor, Lead O&M Member)* Today, Cintra owns 53.7 percent of the equity and is the largest shareholder. **Ferrovial Agroman** *(Lead DBJV)* was responsible for 100 percent of the design and construction work through a fixed-price, accelerated-schedule, back-to-back contract.
Description of project	**Capital Value**: $985 million Project Value: $1.4 billion **Scope:** NTE 35W consists of 6.5 miles of I-35W located north of Fort Worth, Texas. The project spans from north of I-30 to north of I-820 through a regionally supported managed lane system. The project is being designed and built concurrently to accelerate the project schedule by several years. When complete, the project will improve mobility by almost doubling the existing road capacity to 145,000 annual average daily traffic with a combination of general purpose lanes and continuous frontage roads, along with managed toll lanes that will use dynamic pricing to keep traffic moving. The project will reconstruct the existing six lanes and add two managed lanes in each direction.
Key challenges	<u>TxDOT Funding Gap</u> To make NTE 35W a reality, TxDOT faced a significant funding gap. Through a better understanding of the traffic flow and congestion, Cintra was able to propose additional managed lane connections which provided a better service to drivers and more than offset the added construction costs. These solutions reduced TxDOT's funding gap by $150 million. See page 17 for more details.

Name of project	I-635 Managed Lanes (“LBJ Express”)
Location of project	Dallas, Texas, U.S.
Owner	Texas Department of Transportation (“TxDOT”)
Current status	In operation
Contract model	DBFOM under a 52-year concession agreement with toll revenue
Traffic Volume	Average Daily Traffic: 255,000
Contract period	Contract Commencement Date: September 2009 End of Construction Date: September 2015 *Construction was completed three months ahead of schedule and on budget* Contract End Date: September 2061
Role(s) on project	**Cintra** *(Project Lead, Lead Equity Member, Co-Financial Advisor, Lead O&M Member)* Today, Cintra owns 54.6 percent of the equity and is the largest shareholder. Cintra retains the executive control of the asset by reserving the right to appoint the CEO, COO and majority of seats on the Board of Directors. **Ferrovial Agroman** *(Lead DBJV)* was responsible for 100 percent of the design and construction work through a fixed-price, accelerated-schedule, back-to-back contract.
Time period of involvement	Commencement Date: September 2009 Duration: September 2009 – September 2015 (Construction) June 2010 – September 2061 (Operation & Maintenance)
Description of project	Capital Value: $2.1 billion Project Value: $2.7 billion Scope: LBJ Express is a greenfield P3 project for the design, construction, financing, operation and maintenance of 13 miles along I-635 and I-35E in the greater Dallas area. The construction work included new construction and reconstruction of 215 lane-miles of roadway. With an AADT of 255,000 to be maintained during construction, the LBJ Express was one of the largest and most complex DBFOM highway projects ever undertaken in the U.S.
Key challenges/successes	The LBJ Express project is a complex, DBFOM infrastructure project located in a dense, urban environment, which required continuous traffic flow and minimal disruption to the surrounding community. Design Innovation: Ferrovial Agroman presented a significant cut and cantilever design innovation to eliminate the need for a double tunnel structure, resulting in less than a third of the cost of the original tunnel option,

Name of project	I-635 Managed Lanes (“LBJ Express”)
	reduced traffic disruptions and accelerated completion. Ferrovial Agroman’s innovation resulted in the only tender price within the available State budget—**$1.0 billion less than the closest competitor**. Operations: Revenues are in-line with original project. Congestion in the corridor has decreased by more than 60 percent while speeds in the free (general purpose) lanes have increased by more than 10 percent. Customer satisfaction levels on the project have exceeded 80 percent since it opened. In addition, studies have shown how the Project has enhanced economic development in the area.

Name of project	North Tarrant Express Managed Lanes ("NTE Segment 1 & 2")
Location of project	Tarrant County (Fort Worth area), Texas, U.S.
Owner	Texas Department of Transportation ("TxDOT")
Current status	In operation
Contract model	DBFOM under a 52-year concession agreement with toll revenue
Traffic Volume	Average Daily Traffic: 200,000 (November 2017)
Contract period	Contract Commencement Date: June 2009 End of Construction Date: October 2014 *Construction was completed nine months ahead of schedule and on budget* Contract End Date: June 2061
Role(s) on project	**Cintra** *(Project Lead, Lead Equity Member, Co-Financial Advisor, Lead O&M Member)* Today, Cintra owns 63 percent of the equity and is the largest shareholder. **Ferrovial Agroman** *(Lead DBJV)* was responsible for 100 percent of the design and construction work through a fixed-price, accelerated-schedule, back-to-back contract.
Time period of involvement	Commencement Date: December 2009 Duration: December 2009 – October 2014 (Construction) December 2009 – June 2061 (Operation & Maintenance)
Description of project	**Capital Value**: $1.45 billion Project Value: $2.1 billion **Scope:** As the first DBFOM managed-lanes project in Texas, the project consisted of the complete reconstruction of 13.3 miles of existing I-820/SH-183 corridor between Dallas and Fort Worth; it opened in October 2014, nine months ahead of the contracted completion date. The completed project traverses six cities, doubling the AADT capacity, which is greater than 200,000, along this heavily congested corridor.
Key challenges	*Significant Funding Challenge* Cintra and the design-build team collaborated in the development of several alternative technical concepts that saved $480 million of public funds through deferring certain works. Cintra's savings of $480 million in required public subsidy helped make the project financially viable. See further details on page 18. Operations: Revenues are in-line with the original projections. Congestion in the corridor has decreased by more than 60 percent while speeds in the free (general purpose) lanes have increased by more than 10 percent. Customer satisfaction levels on the project have exceeded 80 percent since it opened. In addition, studies

	have shown how the Project has enhanced economic development in the area.

Name of project	407 Express Toll Road (“407 ETR”)
Location of project	Toronto, Ontario, Canada
Owner	Ontario Ministry of Transportation (“IO”)
Current status	In operation
Contract model	DBFOM under a 99-year concession agreement with toll revenue
Contract period	Total Term Length: 99 years from commercial close Start / End Dates: April 1999 – April 2098
Role(s) on project	**Cintra** *(Project Lead, Lead Equity Member, Co-Financial Advisor, Lead OM&R Member)* Since the execution of the 407 ETR, Cintra has been the reference shareholder and maintains its role as largest equity member, with 43.3 percent participation. **Ferrovial Agroman** *(Lead DBJV)* Ferrovial Agroman was the lead member of the design and construction team and was responsible for 50 percent and a fixed price, accelerated schedule, back-to-back contract with the 407 ETR developer.
Description of project	**Capital Value:** $322 million **Project Value:** $3.0 billion The 407 ETR is the world’s first open road, all electronic toll highway. It has the reputation of being a fast, safe and reliable transportation route serving millions of commuters, various industries and geographical markets. The highway services more than 400,000 trips daily. In April 1999, 407 ETR’s developer, led by Cintra, assumed operations of the project under a 99-year Design-Build-Finance-Operate-Maintain (DBFOM) contract that includes the O&M of the 67 mile highway for 99-years. Since its opening in 1999, the 407 ETR has consistently operated at a higher operating standard than other public highways in the Toronto area.
Key challenges	***Challenge:*** *Complex O&M of System of Assets of Varying Age* Preventative and routine maintenance: Cintra’s approach to O&M begins with a proactive approach that focuses on safety, availability of the highway and durability. Daily and periodic maintenance activities include routine maintenance addressing seasonal, drainage and structural maintenance as well as operational maintenance associated with winter climates. Managing Congestion: Since 1999, Cintra has been able to effectively manage congestion along the project while Toronto has experienced significant population growth. Cintra has managed demand through a combination of additional investment in capacity and having the flexibility

Name of project	407 Express Toll Road (“407 ETR”)
	to set tolls freely. Customer Service: Cintra has invested heavily in state-of-the-art customer service with over 100 in-house professionals. Our customer service has won several industry awards and monthly customer satisfaction surveys are constantly above 80 percent satisfaction.

Cintra and Ferrovial Agroman have made a significant commitment to, and are market leaders in, the U.S. transportation sector and specifically to designing, building, financing, operating and maintaining managed lanes projects. We have a great interest in the MDOT's Congestion Relief Improvement Projects. Given the nature of the Projects and technical and financial challenges, we believe that the I-495 and I-270 Congestion Relief Improvement Projects are particularly well-suited for procurement via revenue risk DBFOM procurement. We are confident that we can provide a very competitive proposal as evidenced by our prior track record with similar projects in other states.

Our team has significant experience in making projects financially feasible by having the internal knowledge to be able to apply innovative solutions on both the project revenue and the cost elements. One example of Cintra's innovation is with the NTE Segments 1 & 2 managed lanes project. In this project, TxDOT faced significant funding shortfall to make the project feasible. In an effort to close the funding gap, Cintra and Ferrovial Agroman proposed a staged approach to project delivery that represented a total reduction in cost of $480 million of industry review improvements representing a 25 percent decrease in DB price that was accepted by TxDOT. Another example is shown below for NTE 35W.

Cintra: Example of Making a P3 Project More Financially Feasible Through Revenue Risk Incentive
North Tarrant Express, Segments 35W (Fort Worth, Texas) [2013]

This project was originally developed under a project development agreement between Cintra and TxDOT. Under the existing Draft Environmental Impact Statement (DEIS), Cintra determined that the design of the managed lanes were not optimal and could be improved since:

- The DEIS's proposed managed lanes did not help relieve congestion across a significant interchange.
- No connection was provided between the managed lanes and IH 30, the most important east-west corridor in the area between Dallas and Fort Worth.
- The DEIS project added no capacity nor improvements along a severely congested 1.3 mile section and a bottleneck interchange.

Cintra proposed improvements that consisted of extending the managed lanes and relieving congestion along a major interchange. We also added two managed lane direct connectors to improve access to IH 30 to significantly improve connectivity, further relieving congestion in the area and providing better service to the drivers. **Cintra's design improvements reduced TxDOT's funding gap by $150 million** as a result of the extra revenue more than offsetting the extra capital cost of the additional construction. Ferrovial Agroman assumed the environmental reevaluation risk.

Cintra: Example of Making a P3 Project More Financially Feasible Through Revenue Risk Incentive
North Tarrant Express, Segments 1 & 2 (Fort Worth, Texas) [2009]

TxDOT launched a competitive RFP process for this managed lane project with the understanding that financial viability would be a significant challenge.

- Under TxDOT's initial plans, all construction to the ultimate configuration occurred in one, single step.
- During the procurement process the Cintra-led consortium proposed several ATCs which centered on timing investments and capacity improvement to suit real and future traffic growth needs.
- Completion of the ultimate configuration was the responsibility of the developer, subject to some trigger mechanisms.

Cintra's funding efficiencies achieved through these scope-deferring concepts **saved TxDOT $480 million** and represented a 25 percent decrease in the original DB price estimate. Most importantly, Cinta's funding efficiencies dramatically lowered TxDOT's required subsidy and made the project feasible.

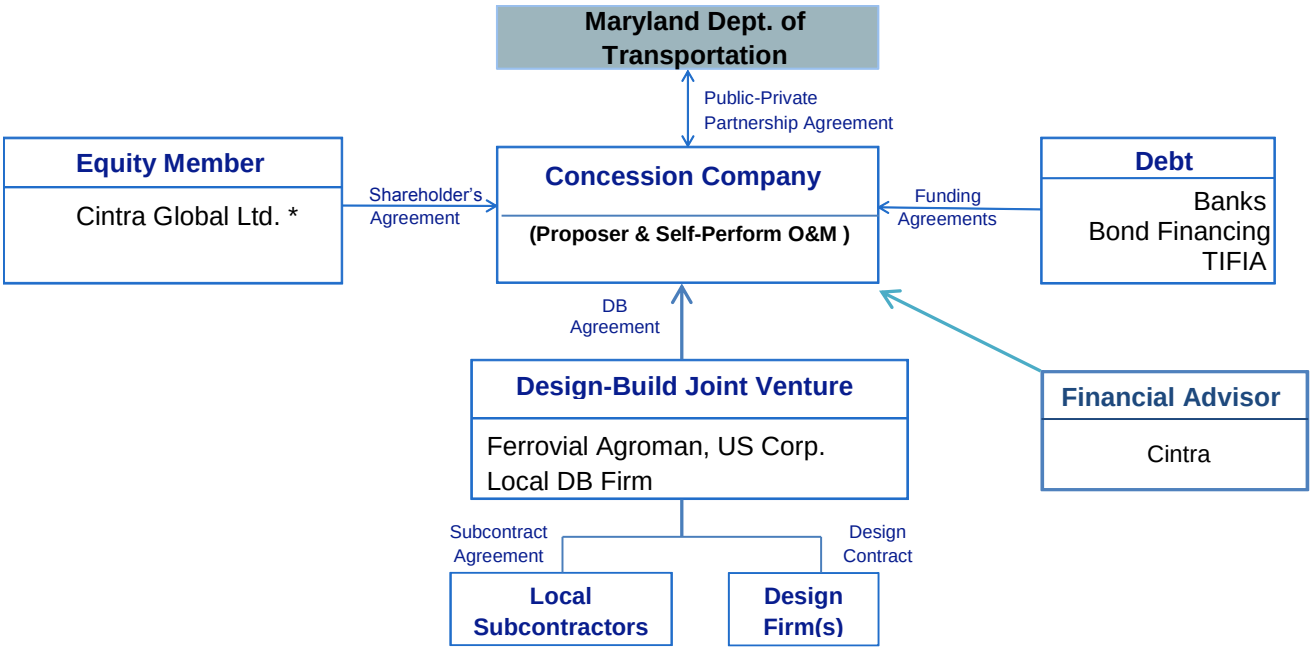
The Cintra/Ferrovial Agroman team brings a unique combination of world-class financial, technical and operational expertise and prior experience with financing similar managed lane projects.

Assuming that the Maryland Department of Transportation ("MDOT") elects to proceed under a Public-Private Partnership model (DBFOM) for the Project, Cintra would perform the role of lead developer/equity member while also retaining an interest in the Project's operations and maintenance. Ferrovial Agroman would act as lead member of the design-build joint venture.

Cintra is interested in participating in the Project if it comprises a concession regime that entails private financing (equity+debt) coupled with operations and maintenance performed by the private partner, and a construction element that requires advanced design and construction expertise, for a fixed price and schedule. ***Given MDOTs stated goals, we believe that the I-495 and I-270 Congestion Relief Improvement Projects should be procured as revenue risk concessions.*** The revenue risk delivery model will best meet the goals of MDOT to incentivize the concessionaire to provide maximum congestion relief while also providing maximum financial feasibility to complete MDOT's entire Program.

As illustrated in the chart below, Cintra would likely form a Special Purpose Vehicle (Concession Company) that would enter into the Concession Agreement with MDOT or some to-be-determined public procurement authority, to design-build-finance-operate-maintain the Project. The equity members will provide the equity and the resources to this Concession Company. The Concession Company will enter into a lump-sum, fixed price and fixed schedule contract with the Design-Build Contractor, a joint venture led by Ferrovial Agroman, for the design and construction of the Project. The Concession Company would also manage maintenance and rehabilitation as assigned in the Concession Agreement for the term of the agreement.

(Figure 1) Cintra's Proposed Maryland Congestion Relief Program team



* = Represents lead or managing member. Cintra or Ferrovial Agroman may elect to have other members in the equity and/or construction joint venture

2. *What would be the benefits and risks to MDOT entering a P3 agreement for congestion relief improvements?*

Advantages of Public Private Partnerships

Risk Transfer to Private Sector	Infrastructure projects have significant risks including construction, design, right-of-way, funding and operations and maintenance. The private equity that backstops a P3, provides the public sector with a valuable insurance policy against these and other risks.
Enhanced Innovation (Reduced Project Costs)	P3 delivery will yield significantly more innovation savings (CapEx, OpEx and project finance) through: • an emphasis on performance (vs. prescriptive) specifications • whole-life costing approach that incorporates both constructability and life-cycle considerations into the design • superior alternative technical concepts during the design phase
Accelerated Delivery	With accelerated funding from private partners, projects can be put in place years ahead of when they might otherwise be, providing needed transportation improvements sooner and reducing inflationary costs.
On Budget & On Time	P3s have a history of significantly lowering contractor change orders for cost and time. These benefits are driven largely by the fixed-price, date-certain construction contract, and the oversight role of the private sector financing.
Superior Customer Service & Guaranteed O&M + Lifecycle	P3 projects are typically better maintained than conventional projects since the concessionaire is subject to both contractual standards and market pressures.

Advantages of Revenue Risk versus Availability P3s

Traffic and Revenue Risk Transfer	Traffic and revenue risk is one of the largest risks facing a managed lanes project. When the public sector enters into a revenue risk P3, the private sector absorbs the traffic and revenue risk and this risk is backstopped by significant developer's equity. A revenue risk P3 further aligns the interest of the public and private sectors, thereby helping to achieve MDOT's goals of alleviating congestion and maintaining a safe traffic corridor.
Increased Innovation	Transferring revenue risk encourages an enterprising approach, taps private sector insights into customer preferences and priorities, and spurs radical new ideas for scope, design and financing of the most attractive projects. Revenue risk P3s tend to provide far superior Alternative Technical Concepts (ATCs) and congestion relieving design solutions versus other delivery models. See page 16-17 for examples of Cintra's making NTE (Segments 1 & 2) and also NTE 35W significantly more feasible through optimization of direct connectors and industry revenue improvements.
New Funding Source	Revenue risk P3s are a new funding source versus availability payments or general obligation bonds which are a financing tool. Availability payments are a contingent obligation on the government's books and there is a limit on the number of availability projects a public entity can assume. With revenue risk, a state can do unlimited deals and have no impact to its credit rating and the state's debt capacity.
Upfront Payment	Depending on traffic and revenue growth rates, certain projects can be structured to provide the owner with an upfront payment that can be used to provide funding for other transportation projects that require a public subsidy or to be invested to improve corridor mass transit. An example of this is I-66 Express Project where Cintra provided VDOT with a $579 million upfront payment.
Superior Customer Service	Under a demand structure, the developer's only source of revenue comes from the users of the facility. Private companies are ultimately client-oriented and must strive to provide the highest customer service and the best useable asset possible. This model incentivizes the concessionaire to improve congestion and service along the entire corridor.
Smart Project Selection	Revenue risk P3s ensures that bad projects that are unsustainable will not get completed, as private equity proves a necessary reality check.

Perceived Risks of Public Private Partnerships

Cost of Capital	The equity required in a P3 has a high cost of capital and the public sector has a cheaper cost of borrowing. The overall cost of capital for a revenue risk P3 is generally higher when compared with an availability payment, DB or DBB delivery model. Counter Argument: The higher cost of capital is because higher credit spreads and more equity are needed to mitigate the increased revenue risk and other risks the private sector assumes, compared with other delivery models where these risks are retained by the public sector. A revenue risk delivery for large, complex infrastructure projects generally creates significantly higher public sector value for money even after factoring the higher cost of capital.
Upfront Public Subsidy	Depending on the magnitude of the funding gap, a toll concession may require a significant upfront public investment in order to make the project feasible. Counter Argument: This higher public subsidy is to some degree offset by transferring the traffic and revenue risk to the private sector. In an availability payment structure these higher public subsidies can be made lower or eliminated by increasing the availability payment.
Limited Control of Tolls	In a revenue risk P3 the owner relinquishes control of tolls resulting in a loss of control over fee setting and system-wide planning. There can be concerns that the private entity can raise rates as much as they wish. Counter Argument: The private sector is incentivized to keep tolls at an optimal level to ensure free-flow traffic 24/7. Increasing tolls excessively would drive customers away from the managed lanes.
Higher Transaction Costs	P3s incur more bid transaction costs for the public sector including advisors and bid stipends. Counter Argument: Higher bid costs in P3s versus non-P3 procurement are more than offset by the value for money benefits derived from a P3.

What risks do you believe would best be retained by MDOT and what risks would be best transferred to the private sector? Please explain your reasoning.

The chart below shows each main delivery method and how risks are typically allocated between the public and private sector. To determine optimal value for money, each project will require a separate risk analysis and actual risk allocation for the Projects may differ.

Risk	Design-Bid-Build	Design-Build	DBFOM - P3 (Availability)	DBFOM - P3 (Demand)
Scope Changes (owner requested)	Public	Public	Public	Public
Environmental Approvals	Public	Public	Public	Public
Permits & Approvals	Public	Shared	Shared	Shared
Right of Way	Public	Public	Shared	Shared
Utility Relocation	Public	Shared	Shared	Shared
Design (errors & omissions)	Public	Shared	Private	Private
Ground Conditions	Public	Public	Shared	Shared
Environmental Contamination	Public	Shared	Shared	Shared
Construction (cost / schedule overruns)	Shared	Private	Private	Private
Labor Disputes	Public	Private	Private	Private
Quality Assurance/Control	Public	Shared	Private	Private
O&M + Lifecycle	Public	Public	Private	Private
Financing	Public	Public	Private	Private
Interest Rate/Credit Spread	Public	Public	Public	Public
Changes in Law	Public	Public	Shared	Shared
Force Majeure	Public	Shared	Shared	Shared
Traffic & Revenue	Public	Public	Public	Private
Toll Collection	Public	Public	Public	Private

Chart adapted from Virginia Office of Public-Private Partnerships

3. What, if any, advantages will MDOT potentially gain by entering an agreement in which operations and maintenance and lifecycle responsibility and/or traffic and revenue risk are transferred to the private sector?

A P3 delivery that incorporates the transfer of operations, maintenance and rehabilitation ("O&M") risks can provide the public sector with the following valuable benefits:

- **Whole-life Costing/Innovation**: Considers the whole-life cost of owning and operating an asset over its entire asset life. The developer is incentivized to design the most value-efficient combination of initial and long term Capex and OpEx. A delivery model that does not transfer O&M to the private sector incentivizes the design-builder to construct an asset with the lowest upfront cost irrespective of the long-term O&M costs.

- **Higher Quality & Improved Customer Service:** P3s contain strict performance standards and penalties. A P3 can lead to more accountability in the quality, operations, and long-term maintenance of project. With a toll concession, the private partner is highly motivated to provide superior customer satisfaction. In addition, P3 projects are typically better maintained than conventional projects since the concessionaire is subject to both contractual standards and market pressures.

- **Guaranteed O&M:** Transferring operations , maintenance and rehabilitation responsibilities to the private sector will ensure the asset is maintained over the life of the concession to the owner's pre-determined minimum standards. In addition, it ensures that the asset will be turned back to the public sector with preset handback criteria. When O&M risks and responsibilities are retained by the public sector and DOT budgets are constrained, O&M generally suffers and is deferred, providing the users with a poor experience.

- **More Efficiencies & Lower Costs:** The private sector is often able, and is incentivized to perform O&M more efficiently than the public sector. Overall, integration of design and construction with operations and maintenance can achieve significant lifecycle cost savings. Per Macquarie's I-70E value for money report, it estimates DBFOM O&M cost savings of 10-15 percent below the public sector.

Benefits associated with a P3 delivery that transfers revenue risk to the private sector are discussed in our response to question a. 2 on page 21.

How do you assess the likely magnitude of such advantages?

See answer above.

What are the potential offsetting disadvantages?

Some of the perceived disadvantages cited with the outsourcing of O&M are:

- **Threat to Public-Sector Workers:** Perception that P3s are anti-union and that union employees will lose their jobs or face job insecurity under a P3.

  Counter Argument: Studies have found that the overwhelming majority of affected public sector workers were hired by the private sector, transferred to other government jobs, or retired after governments engaged the private sector. In addition, a P3 generally is maintained to a higher (and guaranteed) standard versus a non-P3 project, this implies more jobs in the local economy.

- **Loss of Public Control**: P3s can imply a loss of management control by the public sector. Under P3s, public control of outputs is passed to the private sector. As long as the private sector is delivering the specified services, the public sector's ability to intervene in the management of the project and the means by which services are delivered is strictly limited. Although change mechanisms are an integral part of P3 project agreements and the public sector may still intervene, all relevant parties must agree to any changes to the contract and these may involve a considerable increase of costs to the public sector.

  Counter Argument: Public sector partner owns and controls the asset. The Concession Agreement provides standards by which the developer must operate within or suffer damages or in the extreme case, termination.

See our response to question A. 2 (page 22) for a further discussion on disadvantages.

4. Would it be advantageous for MDOT to transfer the operations and maintenance and lifecycle responsibility for the entire freeway or just the added congestion relief improvements?

We believe for the following reasons that it is desirable for the concessionaire to retain O&M responsibilities for both the general purpose lanes ("GPL") and managed lanes ("ML"):

1. If the GPL are not maintained at the same high standards as the ML there is a risk that motorists will be upset that the GPL are in poor shape while the ML are well maintained. This could result in political risk to MDOT.

2. It is economically inefficient for the concessionaire to be performing O&M on the ML while MDOT does similar work on the GPL.

While we prefer to do O&M on both the GPL and ML, Cintra does not require this and can perform O&M on just the ML.

What would be the advantages and disadvantages of transferring the operations and maintenance and lifecycle responsibility for the entire freeway?

Please see response to question 3.

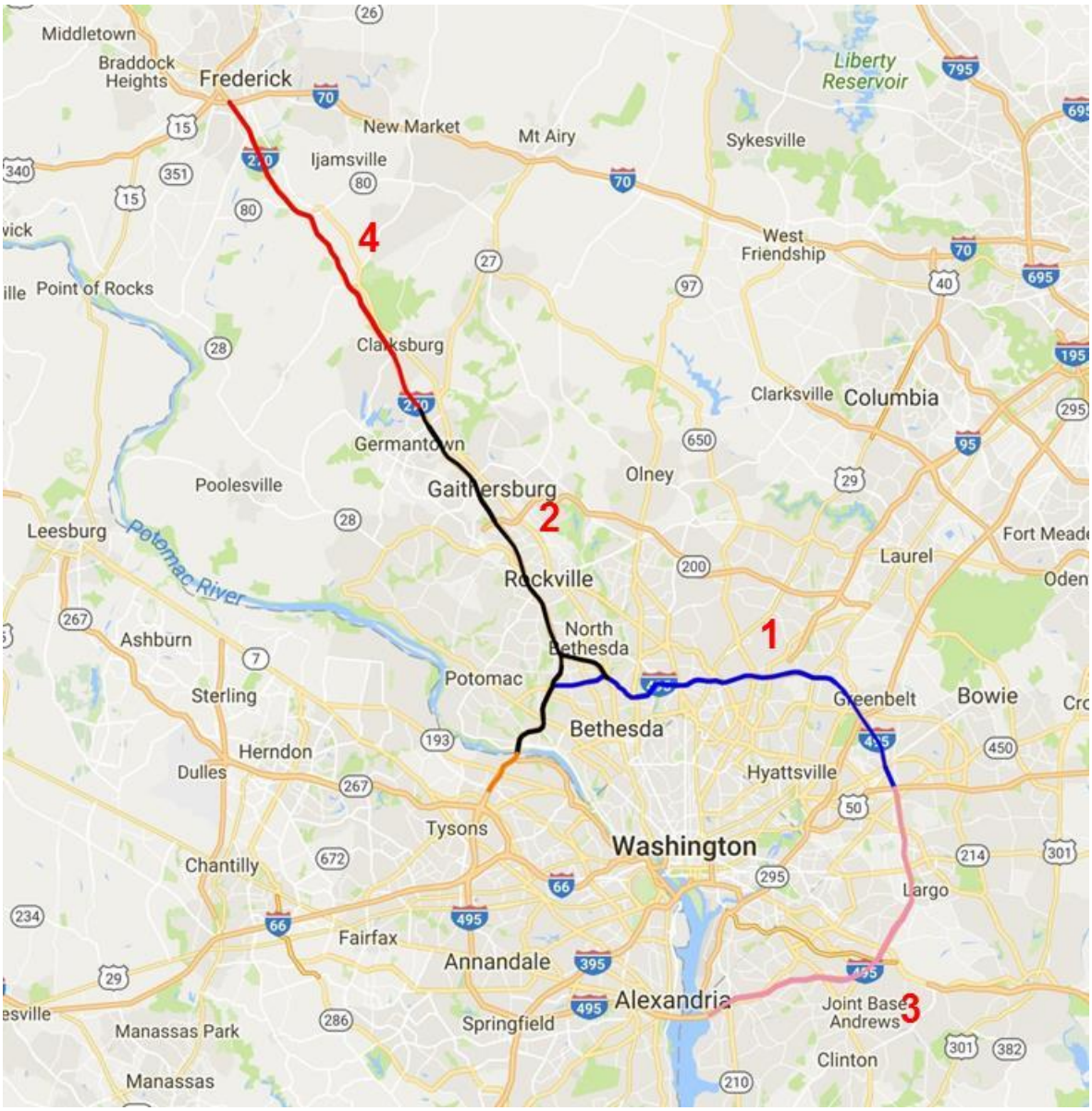
5. *Would it be feasible to have a single solicitation for both corridors? If not, would you recommend any specific phasing for the solicitations including the corridor(s) and limits and why?*

Our understanding is that construction costs associated with design-building managed lanes on I-270 and I-495 in Maryland could be in the $7 to $9 billion range. We believe that sizing each P3 solicitation in the $2 to $3 billion range is optimal to allow for maximum local market participation. A procurement significantly in excess of this amount will result in pressure on the local construction market for adequate resources which in turn will result in DB price pressure. In addition, increasing the size of the procurements above the $2 to $3 billion range or releasing multiple solicitations within too tight a time period will limit competition and may result in increased costs to MDOT.

We would recommend four procurements consisting of the following project limits in the following order:

Project Name	From	To	Miles	ML Config.
I-495 North	I-270/Rockville Pike, Bethesda	I-595/US 50, Lanham	19.6	2+2
I-495 West / I-270 South	VA/MD border	• I-270 Spur, Bethesda • Ridge Road, Germantown	21.3	2+2
I-495 Southeast	I-595/US 50, Lanham	I-295/VA Border, Oxon Hill	18.2	2+2
I-270 North	Ridge Road, Germantown	Frederick, I-70	16.7	2+2

(Figure 2) Cintra/Ferrovial Agroman Recommended Procurement (I-270/I-495)



What would your recommendation be for staggering multiple solicitations and why?

We would recommend staggering the four solicitations per the below program schedule. We have put the I-495 North and the I-495 West / I-270 South solicitations as the first two, since we believe these two projects have the highest potential to provide a cash payment to MDOT. The cash payment from the first two projects could be sufficient to support the public subsidy requirements of projects #3) I-495 Southeast and #4) I-270 North.

MARYLAND - DC AREA CONGENSTION RELIEF
CONCEPTUAL PROGRAM SCHEDULE

PROJECT	DESCRIPTION	LENGTH (MILES)	DURATION (MON)	2018		2019		2020		2021		2022		2023		2024		2025		2026		2027	
				H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
(1) 495N	**Capital Beltway from I-270 Spur to I-595**	**19.6**																					
	NEPA EA and USACE permitting		12																				
	P3 procurement and financing		21			CC	FC																
	Preconstruction (Design / ROW / Utilities)		30				EW																
	Construction		48																				
	Operations and maintenance		600																				
(2) 495W/270S	**I-495 and I-270 from Old Dominion Dr. to Ridge Rd**	**21.3**																					
	NEPA EA and USACE permitting		12																				
	P3 procurement and financing		21					CC	FC														
	Preconstruction (Design / ROW / Utilities)		30						EW														
	Construction		48																				
	Operations and maintenance		600																				
(3) 495SE	**Capital Beltway - I-595 to I-295**	**18.2**																					
	NEPA EA and USACE permitting		12																				
	P3 procurement and financing		21							CC	FC												
	Preconstruction (Design / ROW / Utilities)		30								EW												
	Construction		48																				
	Operations and maintenance		600																				
(4) 270N	**I-270 from Ridge Rd. to I-70**	**16.7**																					
	NEPA EA and USACE permitting		12																				
	P3 procurement and financing		21									CC	FC										
	Preconstruction (Design / ROW / Utilities)		30										EW										
	Construction		48																				
	Operations and maintenance		600																				
	Total Miles	75.8																					

CC: Commerical close at end of period
FC: Financial close at end of period
EW: Early works agreement

b. Project Development

1. *Do you believe your firm would be interested in submitting a detailed proposal for the development of any of the congestion relief improvements?*

   As discussed in our response to question #1, we are very interested in MDOT's entire Congestion Relief Improvement Program. We would be highly interested in submitting a detailed proposal for all of MDOT's planned solicitations for the Program.

   Are there any particular concerns that may prevent your firm from getting engaged in the project development? How might these concerns be resolved?

   Presently, Cintra and Ferrovial Agroman have no concerns that would prevent us from participating in the Program.

2. *At what stage of the NEPA and project development process would it be most beneficial to issue a RFQ: after establishment of the purpose and need, after determination of alternatives retained for detailed study, after selection of an MDOT preferred alternative, or after approval of the environmental document?*

   We believe that MDOT could elect to proceed with an environmental assessment ("EA") versus a more lengthy environmental impact statement for each procurement with the Program. The decision to start the RFQ procurement should be after MDOT's selection of the preferred alternative. Assuming that MDOT elects an EA, we believe that the issuance of the RFQ could begin eight months prior to receipt of the Finding Of No Significant Impact ("FONSI"). We have put together a chart on the following page that shows a draft P3 procurement schedule for an individual solicitation.

MARYLAND - DC AREA CONGENSTION RELIEF
DRAFT P3 PROJECT SCHEDULE
(Assumes Environment Assessment)

DESCRIPTION	DURATION (MON)	Beg. or End	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24	M25	M26 - 49	M50 - 73	M73 - 672
NEPA EA and USACE permitting	12													FONSI																
P3 procurement and financing	21																													
- RFI/Industry Forum/One-on-one Meetings																														
- Issue RFQ to industry		Beg.																												
- SOQ Response Due	1.5	Middle																												
- DOT Issues Shortlist & First Draft RFP	1	End																												
- Industry Review & One-on-One Meetings	5	Beg.																												
- Issuance of Final RFP		Beg.																												
- Proposal Preparation	4	Beg.																												
- Technical/Financial Proposal Due		Beg.																												
- Preferred Bidder Announced		Beg.																												
- Commercial Close		Middle																												
- Financial Close	6	End																												
Preconstruction (Design / ROW / Utilities)	30																					EW	EW	EW	EW	EW	EW			
Construction	48																													
Operations and Maintenance	600																													

Notes
FONSI: Release of Finding of No Significant Impact
EW: Early works agreeement

At what stage would it be most beneficial to issue a RFP? Please discuss your reasoning.

We would recommend that MDOT issue the first draft of the RFP shortly after announcement of shortlisted teams. If there are unresolved issues or concerns that might delay issuance of the first draft of the RFP, we would recommend soliciting input from the shortlisted teams. We recommend that the final RFP be issued after approval of environmental document.

3. *What are the critical path items for the solicitation for these improvements and why?*

The proposal timeline can be greatly affected by the amount of information (especially as it relates to high risk items such as geotech and utilities) available to the proposers. Less information typically requires more time for the proposers to gather their own information.

While every project has individual nuances that lead to technical challenges, geotechnical, utility and right-of-way (ROW) risks tend to be common among most large, complex projects. We encourage MDOT to strongly consider these risks and

develop a strategy to mitigate and allocate them very early in the process. This can be accomplished for geotechnical and utility risks by enacting a comprehensive exploration and survey campaign early in the procurement process. ROW risks are best mitigated with early acquisition activities by MDOT. To assess this and other critical data and develop technical specifications, we recommend MDOT hire a strong, experienced technical advisor with P3 experience.

Based on our experience, the following items are critical to facilitate an aggressive procurement schedule:

- **Clear communication with stakeholders:** Buy-in by all stakeholders into a transparent and fair procurement process is highly important. For a successful outcome, local, state and federal support is necessary.

- **NEPA Process**: Environmental approvals from various agencies with the most important being the FONSI (in the case of an EA) or ROD (in the case of an EIS) are required to proceed with the project under NEPA. Also coordination with USACE and determination of LEDPA and wetland impacts/mitigation.

- **Right-of-Way Acquisition**: The risk that ROW parcels are not acquired at the time and cost forecast may affect both Project cost and schedule. As we have described in our response to question B 8, we are of the view that MDOT should consider transferring ROW acquisition risk to the private sector.

4. *What is the minimum amount of time that your firm would require to develop and submit a response after the issuance of a potential RFQ?*

We would recommend a six week deadline for respondents to prepare their RFQ response. This recommendation assumes that MDOT will give the P3 industry adequate advance timing of the release of the RFQ and adequate details of the project (general size and scope) so the industry can team and get prepared for the RFQ release.

5. *What is the minimum amount of time that your firm would require to develop and submit a detailed proposal after the issuance of a potential RFP?*

From release of the first draft of the RFP, we would recommend a period of nine months to submission of a binding RFP response. This assumes that the key information listed in our response to question 6 (below) is adequately addressed in the first draft of the RFP. This timeline should allow for at least three one-on-one meetings between each team and the public sector and their advisors. The timeline should also allow sufficient time for teams to develop and propose ATCs for review by MDOT.

6. *What information would your firm need in order to prepare a response to a potential RFP?*

- Subsurface Utility Engineering (SUE) (level B is ideal, but at least level C) study to assist in the investigation of underground utilities.
- Geotech reports
- Status of all federal and state funding sources including PABs and TIFIA
- Status of ROW acquisition
- Status of all federal and state permits
- Status of federal NEPA and any state environmental permits

What information should MDOT, the offeror or others provide?

The above information should be provided by MDOT during the RFP process.

7. *What would you consider a reasonable stipend payment for unsuccessful proposers responding to a potential RFP?*

For a revenue risk P3, we believe a fair stipend payment for unsuccessful proposers should be 0.3 percent of the final design-build price. An added benefit to MDOT is that the stipend allows ideas and ATCs of the unsuccessful proposers to be incorporated in the winning bid potentially providing MDOT with added value.

MDOT should also consider some form of pro rata stipend for a project that is cancelled by the DOT after release of the first draft of the RFP.

Please discuss how the stage of project development (purpose and need, alternatives retained for detailed study, preferred alternative, final environmental document, etc.) completed prior to RFP issuance would impact the stipend payment amount.

Generally, the stipend is offered to proposers to offset only a small portion of their bidding costs. The stipend payment amount is less relevant to Cintra; however, we believe MDOT should have a meaningful stipend to attract competition. The more meaningful due diligence information MDOT can provide early to proposers may lower bidding costs, and could justify a stipend on the lower end of the range that we have discussed in the prior question.

8. *Would it be more beneficial for right-of-way acquisition activities to be transferred to the developer or should MDOT retain that risk? Please discuss your reasoning.*

MDOT can decide to retain ROW risk or allocate to private sector. We believe it can be more efficient and create better value for money for MDOT to transfer the ROW acquisition to the private sector. Cintra has an in-house ROW department with

extensive experience acquiring ROW parcels. We are prepared to assume price and schedule risk on a shared basis with MDOT. On many of our projects, Cintra's successful and proven ROW approaches have both reduced costs and expedited delivery of the project ROW, while maintaining sensitivity to all project shareholders, especially property owners and displacees.

c. Technical Challenges

1. *Based on your experience in the development of similar projects and characteristics of the I-495/I-95 and I-270 corridors, please explain the technical challenges, including minimization of right-of-way impacts, to providing congestion relief improvements.*

These can include:

- Environmental commitments*
- Public/Stakeholders commitments*
- Maintenance of traffic
- Use of innovation - allow teams to introduce other specifications or design that have been used in other projects successfully as potential ATCs.

* These have a significant impact on the ability to reduce ROW impact.

Please provide any recommendations for mitigating or overcoming those challenges that you would be willing to share.

- Environmental commitments – Important for DOT to manage local stakeholder expectations
- Public/Stakeholder commitment – Transparent and open discussions with stakeholders will lower risk of project delays.
- Maintenance of traffic – Keeping the procurement performance specification based and allow the private sector to determine the best way to manage traffic during construction will lower this risk.
- Use of innovation – as discussed below in our response to question C 2. a robust ATC regime will provide the best public value.

2. *Are there recommendations that you may be willing to share concerning the project scope or development strategies to reduce the upfront capital costs and/or the lifecycle costs of potential corridor congestion relief improvements?*

In our experience, P3 procurements that have the following characteristics will yield the most innovation savings (CapEx, OpEx and project finance):

- **Revenue Risk Transfer:** Revenue risk P3 produces significantly more integration efficiencies than other procurement methods. They allow the developer to integrate design, construction, finance, operations, life cycle performance and revenue management, which will produce synergies that the public sector will be unable to find. Creating a strong private incentive through a revenue risk P3 encourages an enterprising approach which taps the private sector's insights into customer preferences and priorities, and spurs radical new ideas for cost reductions, efficiencies and congestion relief. See Cintra's

examples of revenue risk innovation (pages 17-18) and advantages of revenue risk P3s (page 21).

- **Performance Specifications**: MDOT should focus on performance specifications versus detailed design requirements. The less prescriptive MDOT is during the RFP process, the greater likelihood that proponents will be incentivized to develop innovative cost saving ideas.

- **ATCs:** MDOT should develop a well thought out and comprehensive ATC and Industry Review Improvement Process. For the ATC process to be effective, ATCs need to be confidential and if approved, the Concession Agreement only for that consortium should be allowed to be modified to incorporate the approved ATC(s). ATC meetings should not be considered Public Meetings. ATC Proposals submitted by the Design-Build Firm shall be exempt from disclosure pursuant to a Public Records Request until such time as the Department has posted the intended Award notification.

3. *Please explain any technical solutions that you may be willing to share that may enhance the development of the potential congestion relief improvements.*

Based on our experience with similar managed lane P3 projects, we believe that MDOT should consider incorporating into the NEPA documentation a Mandatory Scope that consists of the minimum number of direct connectors MDOT feels would be adequate. In addition, the NEPA document should also reflect an Ultimate Scope that should consider optional access to managed lanes Both the Mandatory and Ultimate connectors should reflect sufficient ROW space for the direct connectors. This type of solution will allow proposers to configure the optimal direct connector configuration and minimize assuming environmental risk, providing improved value for money to MDOT.

Identify risks associated with the solutions and, if possible, discuss estimated cost of the solutions.

This solution can assist proposers in developing ATCs with greater value to MDOT, while limiting NEPA reevaluation risk. In addition, it will give flexibility for the concessionaire to, over the life of the concession as traffic patterns and congestion change, add additional connectivity to help manage congestion.

d. Contract Structure

1. *What is your recommended approach for financing the capital cost of potential congestion relief improvements?*

The financial plan for the Project should comprise of a mix of sponsor's equity and third-party debt. The overall objective for the financing of the project is to achieve the most cost-effective solution while maintaining execution certainty within the required procurement timeframe. To determine the optimal financial structure for the project, we would recommend exploring all of the financial alternatives available in the market including bank financing, capital markets (tax exempt and taxable) and a TIFIA loan.

Cintra strongly prefers to lock-in pricing terms and conditions for the duration of the construction as well as for the O&M stage. The interests of all parties are best served by a solution that eliminates interest rate and refinancing risk. Based on recent experience financing similar P3 projects in the U.S., we believe the financing solution that will provide the best value to MDOT will be long-term financing in the form of a subordinated TIFIA loan and Senior PABs (assuming both are available). With estimated project costs of $2+ billion, the Project(s) will be one of the largest projects in recent years to be backed solely by toll revenues. Given our success on similarly sized projects (including the recently closed I-66 Express Lanes), we are confident that there is sufficient capacity in the market to achieve our preferred structure, but we would also keep the option open for other potential financing alternatives.

To the extent that MDOT provides payments during the construction phase, our team has experience using both short-term bank financing and bonds to bridge these payments. To ensure the most competitive solution for MDOT, we would run different scenarios among them during the bid phase to determine which solution offers more value. It should be MDOT's goal to minimize or eliminate the amount of public funds required, in order to achieve the greatest value for money to MDOT.

2. *Should MDOT set a concession term or allow proposers to establish a concession term as part of the response to a potential RFP?*

In the U.S. P3 marketplace it is customary for the public sector to establish a predetermined concession term in the RFP. This ensures that all proposers are bidding the same concession term and will ensure maximum participation from the private sector.

If MDOT were to set the concession term, what is a reasonable concession term and why?

DBFOM projects that are structured as traffic risk carry more uncertainty than availability payment projects, thus require a longer concession term to compensate

for this elevated level of risk assumed by the private sector. Due to the heightened risk profile of traffic risk projects, concession terms typically range from 50 to 60 years.

Specifically the reasons for a longer term concession period are different for debt and equity providers.

Debt Providers

To access long-term 40 year PAB and TIFIA debt, lenders require a 10 year tail after the final maturity of the debt. This tail provides lenders with a buffer to work out any issues in the project that may impact their return. This implies a minimum 50 year concession term to provide the optimal and most efficient capital structure for a revenue risk P3.

Equity Providers

A longer concession term decreases the investors' return expectations, therefore improving the projects feasibility for several reasons:

- Decreases volatility
- Results in more robust future cash flows which show better behavior under critical sensitivities, and thus allow more aggressive equity assumptions
- Means more future cash flows can be valued today (e.g., higher net present value of cash flows)
- Support a higher level of debt and financial institutions will be willing to provide debt on more favorable terms

3. *Are there any contact terms that you would recommend, such as Alternative Technical Concepts, Alternative Financial Concepts, contact balancing, pre-development agreements or progressive agreements, etc. to minimize risk to proposers, maximize opportunities for innovation, maximize a concession payment to MDOT, or are key to obtaining competition? Please discuss the benefit and risks of the recommended contact terms.*

Alternative Technical Concepts – Please see explanation to Question C 2.

Objective Procurement Process: The procurement should be structured in a manner that: 1) will attract qualified and capable bidders; 2) is feasible from a schedule standpoint; and 3) will entice proposers by offering proper cost reimbursements and step-out clauses in the event that the procurement is cancelled at the discretion of the procurement authority.

- Team Selection at the RFQ Stage: The selection process should be heavily-weighted towards the quality and track record of the potential teams. Focusing on only qualifying the leading developers will reduce the costs of the project and enhance its feasibility as the shortlisted developer will be required to participate in a competitive selection process. There should be three teams

prequalified – the market has accepted the selection of four teams as a good industry practice, while it provides clear benefits for the public partners as (i) it ensures the receipt of a number of proposals in case a proposer is not able to submit a detailed proposal and (ii) drives ample competition.

- Team Selection at the RFP Stage: As in the case with publicly procured projects, the selection process and the selection variable should be objective (e.g., proposer who requests the lowest NPV of public funds wins, proposer who offers the highest upfront payment wins, etc.

e. Miscellaneous

1. *Are there any particular concerns with the information provided in this RFI? Please explain any concerns and provide any proposed solutions or mitigation to address those concerns.*

   We have no concerns.

2. *Please provide any suggestion or comments on how MDOT can encourage participation by Minority Business Enterprise/Disadvantaged Business Enterprise firms and local workforce in the development of the congestion relief improvements.*

   MDOT can best facilitate opportunities by acting as a liaison between the bidders and MBE/DBE firms in the way of communications and advertisement of industry outreach forums. It is also helpful for MDOT to educate these firms and manage their expectations, especially with respect to the longer schedules that these types of projects experience. Oftentimes, agencies have the best of intentions when they connect the MBE/DBE firms with developers and contractors, but it can create a sense of immediate opportunity, as the projects can take years to develop to a point where the MBE/DBE firms are able to participate.

3. *What opportunities would you like to see for industry outreach related to these potential P3 opportunities?*

   We would recommend that MDOT and its advisors conduct targeted market soundings with industry leaders in addition to planning an industry forum with one-on-one meeting opportunities for interested proposers.

4. *Please provide any additional comments or questions you may have related to the information in this RFI.*

   - Consider hiring a top tier overall program manager and individual project consultants for NEPA, financial and legal.

   - To ensure that the Program maintains an accelerated timetable, we believe MDOT should consider structuring advisors' compensation to have a significant success fee versus solely hourly compensation. We have seen that a success fee structure will create the best value for the public sector, and keep all parties focused on a value driven program that minimizes unnecessary delays.